

## TARIFF MEMORANDUM

File No.: TA528-18

Date: April 26, 2020

Date Filed: March 16, 2021

Statutory End Date: April 30, 2020

Utility: Matanuska Electric Association, Inc.

Description: Annual Update to Cost-per-Foot

### Synopsis of Filing:

Matanuska Electric Association, Inc. submits its annual update to the cost-per-foot for constructing new single-phase services for the 2021 construction season.

### **Tariff Recommendation:**

The Commission should approve Tariff Sheet No. 38, filed March 16, 2021, by Matanuska Electric Association, Inc. with TA528-18, as shown on the attached side-by-side tariff sheet (JD-1). The effective date of the tariff sheet should be May 1, 2021.

**Reason(s) for the above-indicated recommendation:** See attached memorandum.

Signed: Jed Drolet  
Jed Drolet

Title: Utility Tariff Analyst

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Commission decision regarding this recommendation:

|          | Date (if different<br>from 4/26/21) | I CONCUR          | I DO NOT<br>CONCUR | I WILL WRITE A<br>DISSENTING<br>STATEMENT* |
|----------|-------------------------------------|-------------------|--------------------|--|
| Pickett  |                                     | <u>RMP</u>        |                    |  |
| Kurber   |                                     | <u>KKI</u>        |                    |  |
| Scott    |                                     | <u>AGS</u><br>AGS |                    |  |
| Sullivan |                                     | <u>DS</u><br>DS   |                    |  |
| Wilson   |                                     | <u>JWW</u><br>JWW |                    |  |

\* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

STATE OF ALASKA  
**The Regulatory Commission of Alaska**  
701 West 8<sup>th</sup> Ave., Suite 300  
Anchorage, Alaska 99501-3469

**M E M O R A N D U M**

To: Robert M. Pickett, Chairman  
Keith Kurber II  
Antony Scott  
Daniel A. Sullivan  
Janis W. Wilson

Date: April 26, 2021

From: Jed Drolet, Utility Tariff Analyst

Subject: TA528-18, Matanuska Electric Association, Inc.  
Annual Update to Cost-per-Foot for Construction of Single-Phase Services

**STATEMENT OF CASE**

Matanuska Electric Association, Inc. (MEA) submits its annual update to the cost-per-foot for constructing new single-phase services for the 2021 construction season.

**RECOMMENDATION**

The Commission should approve Tariff Sheet No. 38, filed March 16, 2021, by MEA with TA528-18, as shown on the attached side-by-side tariff sheet (JD-1). The effective date of the tariff sheet should be May 1, 2021.

**BACKGROUND**

MEA is a member-owned cooperative providing electric service to approximately 67,300 customers in southcentral Alaska.<sup>1</sup> Under MEA's current line extension tariff policy, applicants for the New Service Allowance are required to pay MEA the estimated cost of new facilities in excess of the applicable New Service Allowance. For single-phase service, estimated costs are generally calculated by multiplying a standard cost-per-foot times the distance in feet to connect new facilities. MEA's cost-per-foot is recalculated and filed with the Commission annually using actual data from the two preceding years. MEA's tariff provides that the standard cost-per-foot will be filed with the Commission by March 16 of each year, to be effective beginning May 1 of that year.<sup>2</sup>

MEA now submits TA528-18, updating the cost-per-foot for single-phase service for the 2021 construction season in accordance with its current tariff policy. A public notice was issued for TA528-18 on March 18, 2021, with comments requested by April 19, 2021. No comments were received.

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<sup>1</sup> MEA currently has approximately 67,300 customers. See tariff advice letter for TA526-18, MEA's most recently approved COPA filing, submitted December 30, 2020, at page 2.

<sup>2</sup> See Tariff Sheet No. 37.1 of MEA's currently effective tariff, effective January 26, 2016.

## ANALYSIS

### **Cost-per-Foot Increase (Tariff Sheet No. 38)**

The Commission evaluates proposed revisions to line extensions and service connections under AS 42.05.311<sup>3</sup> and 3 AAC 52.455.<sup>4</sup> A utility's tariff must include the terms and conditions,<sup>5</sup> rates,<sup>6</sup> and methodology<sup>7</sup> used to calculate the rates for line extensions and service connections, and any proposed revision to these non-recurring rates must include cost support.<sup>8</sup>

MEA's line extension policy states that the estimated cost of providing a new single-phase secondary service will be determined by multiplying a standard cost per foot of new secondary construction times the distance in feet to hook up the new facilities.<sup>9</sup>

MEA's cost-per-foot for constructing new single-phase service is calculated by dividing the total actual costs incurred from the two preceding years by the actual total feet of lines installed during the same period. Table 1 shows a breakdown of the actual construction costs for 2019 and 2020.

**TABLE 1**

|      |   | Total Feet Installed |        |                 | Total Costs  |              |                 | 2 Year Total<br>Cost per Foot |
|------|---|----------------------|--------|-----------------|--------------|--------------|-----------------|-------------------------------|
| Line | Description                             | 2019                 | 2020   | 2 Year<br>Total | 2019         | 2020         | 2 Year<br>Total |                               |
| 1    | No Primary - Overhead (OH) Secondary    | 2,267                | 2,592  | 4,859           | \$ 110,706   | \$ 123,530   | \$ 234,236      | \$ 48.21                      |
| 2    | No Primary - Underground (UG) Secondary | 55,351               | 62,195 | 117,546         | \$ 1,208,247 | \$ 1,584,694 | \$ 2,792,941    | \$ 23.76                      |
| 3    | No Primary - OH and UG Secondary        | 12,934               | 19,268 | 32,202          | \$ 357,699   | \$ 529,079   | \$ 886,778      | \$ 27.54                      |
| 4    | No Conductor Installed                  | -                    | -      | -               | \$ 388,511   | \$ 304,767   | \$ 693,278      | \$ -                          |
| 5    | Total                                   | 70,552               | 84,055 | 154,607         | \$ 2,065,163 | \$ 2,542,070 | \$ 4,607,233    | \$ 29.80                      |

As shown on Tariff Sheet No. 38 filed with TA528-18, MEA calculated the standard cost-per-foot to be \$29.80.<sup>10</sup> This represents an increase of \$2.25 from the currently approved cost-per-foot of \$27.55. MEA states that most categories of costs increased relative to the prior filing, particularly with regard to undergrounding costs. In addition, MEA states that the previous trend toward lowered installed footage over which to spread construction costs has continued with this filing, further contributing to the increase in the cost per foot.<sup>11</sup>

Staff has verified that the calculations are accurate and consistent with MEA's line extension methodology. Therefore, Staff recommends the Commission approve Tariff Sheet No. 38.

<sup>3</sup> See AS 42.05.311, *Joint Use and Interconnection of Facilities*.

<sup>4</sup> See 3 AAC 52.455, *Line Extensions and Service Connections*.

<sup>5</sup> See AS 42.05.311(c).

<sup>6</sup> See 3 AAC 52.455(a)(1)-(10).

<sup>7</sup> See 3 AAC 52.455(a)(7) and 3 AAC 52.455(d).

<sup>8</sup> See 3 AAC 48.275(b), *Supporting Information*.

<sup>9</sup> See Tariff Sheet No. 37.1 of MEA's current tariff, effective January 26, 2016.

<sup>10</sup> Equals \$4,373,642/158,733.

<sup>11</sup> See tariff advice letter filed with TA528-18, at page 2.

## CONCLUSION

With TA528-18, MEA requests approval of its proposed cost-per-foot for constructing new single-phase services for the 2021 construction season. Staff has verified that the calculations are accurate and consistent with MEA's current methodology, the proper support was filed, and the tariff sheet is correct. Therefore, Staff recommends the Commission approve Tariff Sheet No. 38, filed March 16, 2021, by MEA with TA528-18. The effective date of the tariff sheet should be May 1, 2021.

**Signature:**   
**Email:** bob.pickett@alaska.gov

**Signature:**   
Keith Kurber II (Apr 26, 2021 08:48 AKDT)  
**Email:** keith.kurber@alaska.gov

**Signature:**   
**Email:** antony.scott@alaska.gov

**Signature:**   
Daniel Sullivan (Apr 26, 2021 13:32 AKDT)  
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**Signature:**   
Janis W. Wilson (Apr 26, 2021 13:39 AKDT)  
**Email:** janis.wilson@alaska.gov

RCA No. 18 9<sup>th</sup> Revised Sheet No. 38

Canceling

8<sup>th</sup> Revised Sheet No. 38

**RECEIVED**  
**MAR 16 2020**

STATE OF ALASKA  
REGULATORY COMMISSION OF ALASKA

**MATANUSKA ELECTRIC ASSOCIATION, INC.**

**RULES AND REGULATIONS**

7. EXTENSION OF FACILITIES (Continued)

7.02 Cost per Foot for Construction of New Single-Phase Services Under Normal Circumstances

Effective May 1, 2020 the cost per foot for construction of new single-phase services (other than where unusual conditions exist) is \$27.55.

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Tariff Advice No. 518-18 Effective: May 1, 2020

Issued by: MATANUSKA ELECTRIC ASSOCIATION, INC.

By: Anthony M. Izzo

Title: Chief Executive Officer

RCA No. 18 10<sup>th</sup> Revised Sheet No. 38

Canceling

9<sup>th</sup> Revised Sheet No. 38



**MATANUSKA ELECTRIC ASSOCIATION, INC.**

**RULES AND REGULATIONS**

7. EXTENSION OF FACILITIES (Continued)

7.02 Cost per Foot for Construction of New Single-Phase Services Under Normal Circumstances

Effective May 1, 2021 the cost per foot for construction of new single-phase services (other than where unusual conditions exist) is \$29.80.

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I

Tariff Advice No. 528-18 Effective: May 1, 2021

Issued by: MATANUSKA ELECTRIC ASSOCIATION, INC.

By: Anthony M. Izzo

Title: Chief Executive Officer